

## Message Text

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ORIGIN MC-02

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FM SECSTATE WASHDC

TO AMEMBASSY NEW DELHI

AMEMBASSY ISLAMABAD

UNCLAS STATE 264793

E.O. 11652:N.A.

TAGS: MILI, IN, PK

SUBJ: REPORTED VIOLATION MUNITIONS EXPORT LAW

(SEE 10 FAM 180, APPENDIX A)

REF: DRI693-74

1. ON OCTOBER 30, 1974, GRAND JURY, CENTRAL DISTRICT  
CALIFORNIA, (LOS ANGELES) RETURNED INDICTMENTS CHARGING  
VARADYNE INDUSTRIES, INC. AS FOLLOWS:

(A) VIOLATION, 22 U.S.C. 1934:

THAT ON OR ABOUT MAY 29, 1971, VARADYNE INDUSTRIES  
KNOWINGLY, WILLFULLY, AND UNLAWFULLY EXPORTED AND CAUSED  
TO BE EXPORTED FROM THE UNITED STATES TO THE REPUBLIC OF  
PAKISTAN, AN ARTICLE DESIGNATED BY THE UNITED STATES  
MUNITIONS LIST. (TITLE 22 CODE OF FEDERAL REGULATIONS,  
PART 121.01).

(B) VIOLATION, 22 U.S.C. 1934:

THAT ON OR ABOUT MAY 31, 1971 AND ON OR ABOUT  
AUGUST 11, 1971 VARADYNE INDUSTRIES KNOWINGLY, WILLFULLY,  
AND UNLAWFULLY EXPORTED AND CAUSED TO BE EXPORTED FROM THE  
UNITED STATES TO THE REPUBLIC OF PAKISTAN UNCLASSIFIED  
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TECHNICAL DATA RELATED TO THE REPAIR, OVERHAULING, DEVE-

LOPMENT, OPERATION AND MAINTENANCE OF AN ARTICLE DESIGNATED BY THE UNITED STATES MUNITIONS LIST (TITLE 22, CODE OF FEDERAL REGULATION, PART 121.01) WITHOUT FIRST OBTAINING

A LICENSE THEREFORE OR WRITTEN APPROVAL FROM THE UNITED STATES DEPARTMENT OF STATE IN VIOLATION OF TITLE 22, UNITED STATES CODE SECTION 1934(C).

(C) VIOLATION 22, U.S.C. 1934:

THAT ON OR ABOUT DECEMBER 5, 1972 VARADYNE INDUSTRIES KNOWINGLY, WILLFULLY AND UNLAWFULLY ACTED TO EXPORT AND CAUSED TO BE EXPORTED FROM THE UNITED STATES TO MALAYSIA AN ARTICLE DESIGNATED BY THE UNITED STATES DEPARTMENT OF STATE, IN VIOLATION OF TITLE 22, CODE OF FEDERAL REGULATION, PART 127.01, AND TITLE 22, UNITED STATES CODE, SECTION 1934(C).

(D) VIOLATION, 18 U.S.C. 1001

THAT ON OR ABOUT DECEMBER 5, 1972 VARADYNE INDUSTRIES FOR THE PURPOSE OF EXPORTATION OF A UNITED STATES MUNITIONS LIST ARTICLE, THAT IS, TO WIT; AN ELECTRONIC RADAR ATTACK AND DETECTION SYSTEM KNOWN AS "RALOR", KNOWINGLY, WILLFULLY, AND UNLAWFULLY USED AN EXPORT CONTROL DOCUMENT KNOWING THE SAME TO CONCEAL A MATERIAL FACT IN VIOLATION OF TITLE 18, UNITED STATES CODE, SECTION 1001, AND VOLUME 22, CODE OF FEDERAL REGULATIONS, PART 127.02(A).

2. PRESIDENT OF VARADYNE INDUSTRIES ENTERED PLEA OF GUILTY TO CHARGES (A) AND (D) ON BEHALF OF CORPORATION NOVEMBER 18, 1974, CHARGES (B) AND (C) DROPPED. SENTENCING SCHEDULED FOR DECEMBER 9, 1974 PENDING RECEIPT PROBATIONARY REPORT ON FIRM.

3. BACKGROUND: IN FEBRUARY 1969, H.L. GAMMILL CO., NORTH-RIDGE, CALIF., ENTERED INTO CONTRACT WITH REPUBLIC INTERNATIONAL PAKISTAN TO SUPPLY PAF WITH TWO AIRCRAFT MOUNTED SYSTEMS, RALOR AND IRDART. RALOR IS A PASSIVE RADAR DETECTING DEVICE DESIGNED TO LOCATE SOURCE RADAR SIGNAL DIRECTED AT AIRCRAFT. IRDART IS AN INFRARED FIRE CONTROL SYSTEM DESIGNED TO DETECT EXHAUST OF JET ENGINE.

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4. VARADYNE INDUSTRIES, INC. ACQUIRED GAMMIL AND REPUBLIC INTERNATIONAL PAKISTAN IN 1970 AND ASSUMED CONTRACTURAL OBLIGATIONS OF TWO FIRMS. PRIOR TO OUTBREAK HOSTILITIES BETWEEN INDIA AND PAKISTAN, APPROXIMATELY 22 RALOR SYSTEMS EXPORTED UNDER LICENSE TO PAKISTAN FOR INSTALLATION ON F-86 AIRCRAFT. HOWEVER, SYSTEMS DID NOT FUNCTION AS SPECIFIED AND VARADYNE UNDERTOOK TO CORRECT PROBLEMS.

5. IN MAY 1971, VARADYNE SUBMITTED THREE APPLICATIONS TO DEPT. (PM/MC) SEEKING TO EXPORT TO PAKISTAN 30 IRDART SYSTEMS, ONE MODIFIED RALOR SYSTEM, AND ANTENNAS TO MODIFY

RALOR SYSTEMS IN PAKISTAN; MODIFIED RALOR CORRECTED PROBLEMS ENCOUNTERED WITH EARLIER SYSTEMS. VARADYNE INFORMED THAT, AS OF MARCH 25, 1971, DEPT. NOT APPROVING ANY APPLICATIONS FOR LICENSE TO EXPORT MUNITIONS LIST ARTICLES TO INDIA AND PAKISTAN. ON NOVEMBER 15, 1971, DEPT. RETURNED APPLICATIONS TO VARADYNE WITHOUT TAKING ACTION ON THEM, ADVISING THAT DEPT. NOT IN POSITION TO ACT BECAUSE ALL OUTSTANDING LICENSE FOR INDIA AND PAKISTAN REVOKED NOVEMBER 11, 1971.

6. U.S. CUSTOMS SERVICE, OFFICE OF INVESTIGATIONS, LOS ANGELES RECEIVED AN UNSIGNED POST CARD IN OCTOBER 1972 ALLEGING VARADYNE EXPORTING "SURFACE TO AIR MISSILE SITE LOCATORS" TO PENANG, MALAYSIA FOR ASSEMBLY AND ONWARD SHIPMENT TO PAKISTAN. CUSTOMS INITIATED AN INVESTIGATION AFTER ASCERTAINING VARADYNE DID NOT HAVE REQUISITE AUTHORIZATION FROM DEPT. TO EXPORT MUNITIONS LIST ARTICLES TO EITHER MALAYSIA OR PAKISTAN. INVESTIGATION UNCOVERED EVIDENCE THAT EMPLOYEES OF VARADYNE KNOWINGLY EXPORTED TO PAKISTAN THE MODIFIED RALOR AND RELATED TECHNICAL DATA WITHOUT THE NECESSARY AUTHORIZATION FROM THE DEPT. AND IN SO DOING FALSELY DECLARED TO U.S. CUSTOMS THAT THE ARTICLES DID NOT REQUIRE LICENSE. THE INDICTMENTS REFERRED TO ABOVE RESULTED.

7. IN MARCH AND JULY 1973, VARADYNE SUBMITTED APPLICATIONS TO DEPT. SEEKING LICENSE TO EXPORT IRDART TO PAKISTAN. ON BOTH OCCASIONS APPLICATIONS REJECTED BECAUSE IRDART INTEND-

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ED FOR MIRAGE III AIRCRAFT AND POLICY PROHIBITS TRANSFER TO PAKISTAN OF COMPONENTS FOR NON-U.S. SUPPLIED LETHAL EQUIPMENT. VARADYNE LATER SUBMITTED TO DEPT. APPLICATION FOR TEMPORARY IMPORT LICENSE TO RETURN TO U.S. FOR MODIFICATION THOSE RALOR SYSTEMS IN PAKISTAN AND THEIR RE-EXPORT TO PAKISTAN ONCE MODIFICATION COMPLETED. THIS APPLICATION APPROVED JANUARY 31, 1974 IN KEEPING WITH POLICY TO AUTHORIZE TRANSFER, ON A CASE BY CASE BASIS, OF COMPONENTS, PARTS, ACCESSORIES AND ATTACHMENTS FOR LETHAL EQUIPMENT PREVIOUSLY SUPPLIED BY U.S. VARADYNE ADVISED APPLICATION APPROVED WITHOUT PREJUDICE TO USG'S POSITION WITH REGARD TO ANY POSSIBLE VIOLATION OF 22 U.S.C. 1934, AND THE REGULATIONS (22 C.F.R. 121-128) ISSUED PURSUANT THERETO. KISSINGER

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